

# NEBRASKA CATTLEMEN

*"Representing the state's largest ag industry"*

October 25, 2005

The Honorable Governor Dave Heinemann  
Governor's 2007 Farm Bill Listening Session  
The State Fair of Nebraska, Agricultural Hall

Dear Governor Heinemann:

On behalf of the membership of the Nebraska Cattlemen (NC), I appreciate the opportunity to provide comments regarding the development of the 2007 Farm Bill. My name is Melody Benjamin. I am a cattle producer and on the staff of the Nebraska Cattlemen. President, Tom Hansen was unable to attend today and asked if I would present comments for him. The Nebraska Cattlemen association serves as the spokesman for the state's beef cattle industry and represents professional cattle breeders, ranchers and feeders, as well as 48 county and local cattlemen's associations. Our headquarters are in Lincoln and a second office in Alliance serves cattlemen in western Nebraska.

There are many important components including within a Farm Bill. This evening, NC will comment on three important issues specifically Conservation programs, Packer Ownership of Cattle and Country-of-Origin Labeling.

## **Conservation: Protecting the environment and those that protect the environment**

Conservation programs have been identified as a highlight of the 2007 Farm Bill discussion. The Conservation Reserve Program (CRP) will have many acres that will mature in contract agreements in the next year or so. While CRP is more directly associated with farmland, there are implications to the livestock industry regarding grazing and haying. NC has supported provisions that allow haying and grazing of CRP acres at a reduced payment for the year in which the haying or grazing takes place. During times of drought, the opportunity to utilize the grass on CRP has benefited cattle producers.

Nebraska cattle producers are environmentally aware. Most have the desire to improve the landscape before passing it on to our children and grandchildren so they might enjoy the lifestyle we have enjoyed. Government policy should reflect both the U.S. and state constitution and enhance the individual right of free choice of land, water, soil and energy use, development, and conservation. The rights of private landowners must be protected. Any loss of private lands or water rights including waters arising or claimed on public lands without specific procedures of due process of law and just compensation shall be opposed by NC. Agreements involving individual private land and water rights shall be solely a decision of individual private property owners. The laws and policy of state and local governments and private rights should be paramount in governing the use and ownership of water and natural resources. Conservation practices should be voluntary and incentive based.

### **Packer Ownership of Cattle: Controlling captive supplies while promoting free markets**

Certainly the beef industry over the past one hundred plus years has experienced concentration and consolidation of the beef packing industry which has led to a lack of competition for fed cattle. Captive supplies, defined as those cattle owned, financed and/or controlled by packers, along with non-negotiated formula pricing have been identified as major causes of current marketing difficulties by cattlemen from across the country. NC supports measures that would restrict a packing entity from having more than 25% of its slaughter mix from captive supplies on a per plant per day basis.

NC members are apprehensive of a complete ban of packer ownership if it prohibits the use of grid or formula-pricing by those businesses that choose to use these tools. Complete banning of packer ownership would eliminate buyers from the cattle market and thus could lead to less competition for fed cattle. NC seeks to preserve the right of all NC members to independently make their marketing decisions in a free-market system. Within those parameters, NC seeks to insure that all producers have access to accurate and timely information that will allow them to make informed short-term and long-term decisions. However, NC membership recognizes the need to control captive supplies.

There is concern among NC members at the loss of Mandatory Price Reporting (MPR). The information generated by MPR was beneficial to NC members. Our members hope that MPR will be reinstated long before the 2007 Farm Bill is implemented.

### **Country-of-Origin Labeling: Competitiveness and Common Sense**

In December 2003, NC members adopted policy calling for country-of-origin labeling. That policy states that NC seeks a process for country-of-origin labeling that will benefit the U.S. beef industry as well as domestic and international consumers. In fact, NC believes so strongly in the quality of Nebraska produced beef, that the association initiated the Nebraska Corn Fed Beef (NCFB) program in 1996 in order to supply a source verified, high quality product to consumers. NCFB has since become an independent entity providing producer's that truly believe in COOL the opportunity to participate in a source verified program.

The process for country-of-origin labeling as contained in the 2002 Farm Bill would impose unnecessary cost and labor burdens on producers and does not represent what NC membership views as an efficient, effective and acceptable country-of-origin labeling program. For instance, the current COOL rule prohibits the use of mandatory animal identification from being used for determining the origin of cattle. Understanding that under the proposed National Animal Identification System, all cattle born in the U.S. will be identified with a tag containing a similar prefix (the number '840'), it seems logical that this system could be incorporated easily into the COOL program to ensure accuracy and compliance. Additionally, the current COOL rule only applies to beef sold at retail and not beef sold in foodservice operations meaning that only about 15% of the beef that is imported into the U.S. would be subject to COOL labeling. Also, the "tiered" labeling process for retail products is confusing and flawed. The law does not treat all beef products equally. For instance, beef hot dogs do not have to be labeled. Finally, the penalties for non-compliance are so harsh (\$10,000 per day per violation); NC fears that many retailers, specifically small retailers will choose to not carry beef products for fear of the extreme penalties should they be found with a violation.

NC supports the following revisions to COOL in the 2007 Farm Bill.

- The COOL program should begin at the producer level, rather than at the retail level with all cattle born before the implementation date of the program

that are not specifically identified as being non-U.S. origin "grandfathered" as to their eligibility to be defined as domestic origin.

- Deletion of any legislative prohibition regarding mandatory individual animal identification
- Revision of punitive penalties for violations by retailers.
- Simplification of "tiered" labels for products at retail
- Legislative/regulatory assurance that the USDA quality grading system is not available to imported beef products, or beef from imported live animals.

#### **Conclusion**

Nebraska Cattlemen appreciate the opportunity to participate in this listening session. NC looks forward to working with all partners to create an effective 2007 Farm Bill that will help create opportunities for growth in the beef industry.

Respectfully yours,

Tom Hansen  
President